

Message Text

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ACTION EA-12

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TO USDOC WASHDC PRIORITY

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UNCLAS SEOUL 7258

E.O. 11652: N/A

TAGS: BEXP, KS

SUBJECT: AMERICAN CARBON SEALS CORP. (ACS)

REF: A) SEOUL 5982; B) USDOC 13564; C) USDOC 14344

FOR BED/OED/EID (ATTN: DONAHOE)

1. POUCHED MATERIAL REFERRED TO IN REFTEL (C) RECEIVED AUGUST 16. ALTHOUGH POST UNDERSTANDS FIRM'S CONCERN ABOUT THE MATTER IN QUESTION, THE EXTENT TO WHICH POST CAN PURSUE THE CASE ON BEHALF OF ACS IS LIMITED BY PERSONNEL, TIME, AND OTHER CONSTRAINTS. WITH ACS CONCURRENCE, POST IS PREPARED TO SUBMIT WRITTEN QUESTIONS TO CONCERNED GOVERNMENT MINISTRIES WITH REQUEST THAT ANSWERS BE PROVIDED. ACS SHOULD BE AWARE THAT EVEN IF ANSWERS ARE FORTHCOMING, POST HAS NO WAY OF GUARANTEEING THEIR ACCURACY. MOREOVER, POST FEELS THAT DIRECT APPROACH BY ACS TO PRIVATE FIRMS INVOLVED WOULD BE PREFERRED METHOD OF ASCERTAINING ACCURACY OF ALLEGATIONS.

2. ACCORDING TO THE MINING ASSOCIATION OF KOREA, A TRADE ASSOCIATION CONCERNED WITH PROMOTING GENERAL MINING INTERETS, THERE IS NO KNOWN RLATIONSHIP, THROUGH OWNERSHIP, AGENCY, OR CONTRACT, BETWEEN THE DONG CHANG/BONG MYUNG GROUP OF COMPANIES AND THE SUNG HA/MARO/WOL MYUNG GROUP. IN FACT, THEY ARE COMPETITORS IN THE SAME LINE OF BUSINESS. OFFICIALS NOTE THAT THE LATTER

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GROUP OF FIRMS IS CONTROLLED BY KOREANS OF CHINESE ORIGIN. WHILE NOT CONCLUSIVE, THIS SUGGESTS THAT POSSIBLE COLLUSION BETWEEN THE TWO GROUPS MAY BE SOMEWHAT LESS LIKELY THAN ACS EVIDENTLY BELIEVES.

3. TOTAL 1977 PRODUCTION OF AMORPHOUS GRAPHITE WAS 62,507 MT WITH EXPORTS VALUED AT \$2.93 MILLION, OF WHICH

\$644,000 WORTH WENT TO THE U.S. \$1,778,000 WORTH TO JAPAN, AND \$507,000 WORTH TO OTHER COUNTRIES. THE DONG CHANG/BONG MYUNG GROUP IS THE LEADING PRODUCER OF AMORPHOUS GRAPHITE IN KOREA (1977 PRODUCTION WAS 32,624 MT OF WHICH \$1.19 MILLION WORTH WAS EXPORTED) AND THE SUNG HA/MARO/WOL MYUNG GROUP IS THE SECOND LEADING PRODUCER (1977 PRODUCTION WAS 13,108 MT OF WHICH \$737,472 WORTH WAS EXPORTED) THERE ARE FOUR OTHER PRODUCERS F AMORPHITE (WITH COMBINED TOTAL PRODUCTION IN 1977 OF 16,777 MT) BUT ALL ARE CONSIDERABLY SMALLER THAN THE TWO LEADERS.

4. DONG CHANG IS SAID TO BE THE EXCLUSIVE AGENT FOR DONG MYUNG'S PRODUCTION BUT MAY HANDLE SMALL AMOUNTS OF GRAPHITE FROM OTHER PRODUCERS AS WELL. MINING ASSOCIATION OFFICIALS BELIEVE THAT BONG MYUNG'S GRAPHITE AND THAT OF MARO/WOL MYUNG ARE SIMILAR IN QUALITY.

5. BONG MYUNG GRAPHITE MINE IS LOCATED NEAR A RAILHEAD AT GAEUN, NORTH KYUNGSANG PROVINCE. THE MINE AND RAILHEAD ARE ABOUT 100 KM FROM THE MARO AND WOL MYUNG MINES WHICH ABUT ONE ANOTHER. PRODUCTION FROM THE LATTER TWO MINES IS LOADED ON TRAINS AT YEONG DONG IN NORTH CHOONG CHONG PROVINCE. ASSOCIATION OFFICIALS DO NOT BELIEVE ANY "BLENDING" OF ORE FROM THE BONG MYUNG AND MARO/WOL MYUNG MINES WOULD BE POSSIBLE AT THE RAILHEADS OR EN ROUTE TO PUSAN. THEY FEEL THAT THE POSSIBILITIES OF "BLENDING" AT THE PORT OF PUSAN ARE UNLIKELY AS WELL.

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6. IN ACS MATERIAL, NAME OF SAE WOO INDUSTRIAL CO., LTD., C.P.O. BOX 2794, SEOUL, WAS LISTED. A BUSINESS DIRECTORY LISTS THE FIRM AS A REGISTERED TRADER, I.E. A FIRM THAT HAS EXPORTED A CERTAIN AMOUNT OF GOODS SO THAT IT IS PERMITTED TO IMPORT IN ITS OWN NAME, ONE OF WHOSE MAIN EXPORT ITEMS IS GRAPHITE ORE. THE PRESIDENT IS WON CHANG HEE.

7. MITSUBISHI IS OF COURSE A LARGE, WELL-KNOWN JAPANESE TRADING FIRM WITH AN OFFICE IN SEOUL. POST HAS NO INFORMATION ON KYOWA TRADING COMPANY, ANOTHER JAPANESE FIRM LISTED IN ACS MATERIAL. MINING ASSOCIATION OFFICIALS ALSO HAD NO KNOWLEDGE OF KYOWA.

8. ACTION REQUESTED: PLEASE ASK ACS WHETHER THEY WANT POST TO SUBMIT QUESTIONS TO RELEVANT GOVERNMENT AUTHORITIES. AND OTHER PRIVATE TRANSPORTATION ORGANIZATIONS. SHOULD POST PURSUE THIS COURSE OR ACTION, IT IS HIGHLY LIKELY THAT FIRMS INVOLVED WILL LEARN OF THE INQUIRY WHICH PRESUMABLY COULD EXACERBATE PROBLEMS EXTANT BETWEEN THE U.S. AND KOREAN FIRMS. POST WILL BE PLEASED TO EXTEND ALL APPROPRIATE ASSISTANCE TO ACS REPRESENTATIVES SHOULD THEY VISIT KOREA.

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